

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING  
whether there has been a violation of the  
Securities Act of Washington by:

DORSEY E. ROWAN, JR.,

Respondent.

SDO - 029 - 02

CONSENT ORDER TO CEASE AND DESIST  
AND VACATING STATEMENT OF CHARGES  
SDO - 011 - 01

Case No. 00 - 12 - 504

Pursuant to the Securities Act of Washington, the Securities Division of the Department of Financial Institutions, State of Washington ("the Division"), and Dorsey E. Rowan, Jr. ("Rowan"), do hereby enter into this Consent Order in settlement of this matter. Rowan agrees to the entry of this Order, and acknowledges the Division's jurisdiction over this matter and its authority to enter this Order. For purposes of this administrative action only, and for purposes of reaching a complete and final settlement of this matter, Respondent admits to the following Findings of Fact and Conclusions of Law.

**FINDINGS OF FACT**

I. Respondent

1. Dorsey E. Rowan, Jr. ("Rowan") was registered with the State of Washington as a securities salesperson from 1992 through 2001. From April 1995 through December 21, 2001, Rowan worked as a securities salesperson with Pacific West Securities, Inc. ("Pacific West"). Pacific West is a registered broker-dealer and has its principal place of business at One Renton Place in Renton. While employed with Pacific West Rowan worked from a home office located in Seattle.

II. Nature of the Violations

2. In January 1992, Nu West, Inc. ("Nu West"), a Washington corporation, began the offer and sale of mortgage paper securities (the "Nu West securities"). An investigation by the Division revealed that

1 the Nu West securities were not registered or exempt from registration and that the offering documents  
2 describing the securities were both incomplete and contained false information. On October 25, 2000, the  
3 Division entered a Summary Cease and Desist Order against Nu West, SDO 87-00. In November 2000,  
4 Nu West defaulted on its interest payments to investors and the firm is currently in receivership. It  
5 appears that more than 250 investors are facing losses of more than \$50 million, including 15 of Rowan's  
6 Pacific West customers who have lost more than \$2 million.

7 3. Between April 1995 and January 2000, Rowan offered and sold the Nu West securities to  
8 approximately 30 Washington residents. During this time, and on more than one occasion, Rowan  
9 discovered irregularities in the Nu West offering documents, consisting primarily of unrecorded or  
10 missing disclosure documents. Rather than stopping the offer and sale of the securities, Rowan accepted  
11 Nu West's explanation for these irregularities and continued to offer and sell the Nu West securities. The  
12 Nu West offering documents Rowan provided his clients failed to disclose material information about the  
13 investments, including title reports, credit reports, and appraisals, and included forged documents,  
14 included promissory notes and deeds of trust.

15 4. When recommending Nu West investments to his customers, Rowan failed to adequately inquire  
16 into the customers' investment goals and objectives, investment experience, risk tolerance, tax situation,  
17 other security holdings, or financial situation and needs.

18  
19 Based upon the foregoing Findings of Fact, the parties stipulate to the following Conclusions of Law:

20 **CONCLUSIONS OF LAW**

21 1. The offer and/or sale of Nu West's mortgage paper securities by Respondent Rowan constitutes the  
22 offer and/or sale of securities defined in RCW 21.20.005(10) and (12).

1 2. Respondent Rowan violated RCW 21.21.140 by offering and selling unregistered non-exempt  
2 securities in Washington.

3 3. Respondent Rowan violated RCW 21.20.010 by making untrue statements of material fact and by  
4 omitting to state material facts necessary in order to make the statements made not misleading.

5 4. Respondent Rowan violated RCW 21.20.702 by failing to have reasonable grounds for believing  
6 his recommendations to invest in Nu West securities were suitable for some customers.

7  
8 **CONSENT ORDER**

9 **I. Injunctive Relief**

10 It is AGREED AND ORDERED that Respondent Dorsey E. Rowan, Jr. shall cease and desist from  
11 violating RCW 21.20.010, the antifraud provision of the Securities Act of Washington.

12 It is FURTHER AGREED AND ORDERED that Respondent Dorsey E. Rowan, Jr. shall cease and  
13 desist from offering or selling unregistered securities in violation of RCW 21.20.140.

14 It is FURTHER AGREED AND ORDERED that Rowan shall be barred from applying for registration  
15 as a securities salesperson for a period of five (5) years from the date of termination of his employment  
16 with Pacific West, which is agreed to be December 22, 2001, and upon application must meet the then-  
17 existing registration requirements, including qualifying by examination.

18 **II. Fines**

19 It is FURTHER AGREED AND ORDERED that pursuant to RCW 21.20.395, Rowan shall be liable  
20 for a fine of Seventy Five Thousand Dollars (\$75,000), with the entire amount suspended contingent upon  
21 future compliance with this Consent Order. In the event that Rowan fails to comply with the terms and  
22 provisions of this Consent Order, in addition to any other remedy available, the entire fine shall be  
23 immediately due and payable.

1 III. Consideration

2 It is FURTHER AGREED that Rowan will bring no action or claim of any kind whatsoever against the  
3 State of Washington, the Department of Financial Institutions, the Securities Division, or their employees  
4 arising from either the facts and allegations underlying SDO-011-01 or this Consent Order.

5 It is FURTHER AGREED that no portion of this Consent Order shall be construed affect or limit in  
6 any way, nor shall it be admissible to establish, the rights of any person as set forth in the provision for  
7 civil liabilities contained in RCW 21.20.430.

8 It is FURTHER AGREED that Rowan hereby withdraws his request for a hearing in this matter,  
9 waives his right to a hearing in this matter, waives his right to judicial review of this Order under RCW  
10 21.20.440, and that the Division hereby vacates Statement of Charges SDO-011-01.

11 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

12 SIGNED this \_\_7th\_\_ day of June 2002.

13 Signed by:

Approved as to form by:

14 \_\_\_\_\_/s/\_\_\_\_\_  
15 Dorsey E. Rowan, Jr.

14 \_\_\_\_\_/s/\_\_\_\_\_  
15 Michael J Warren, Esq., WSBA #14177  
16 Warren & Duggan  
17 Attorneys for Dorsey E. Rowan, Jr.

17 ENTERED this 7th day of June 2002.

18 

19 DEBORAH R. BORTNER, WSBA #11300  
20 Securities Administrator

21 Approved by:

Presented by:

22 \_\_\_\_\_/s/\_\_\_\_\_  
23 Michael E. Stevenson, WSBA #4875  
24 Chief of Enforcement

22 \_\_\_\_\_/s/\_\_\_\_\_  
23 Anthony W. Carter, WSBA #29578  
24 Securities Examiner